

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE**

IN THE MATTER OF THE APPLICATION OF)	
ARTESIAN WATER COMPANY, INC.)	
PURSUANT TO 26 <i>DEL. C.</i> § 215 FOR)	PSC DOCKET NO. 21-0347
APPROVAL OF THE ISSUANCE OF A LONG-)	
TERM DEBT OBLIGATION)	
(FILED MAY 7, 2021))	

ORDER NO. 9815

AND NOW, this 2nd day of June 2021, the Delaware Public Service Commission (“Commission”) determines and orders the following:

WHEREAS, on May 7, 2021, Artesian Water Company, Inc. (“Artesian” or the “Company”) filed with the Commission, pursuant to 26 *Del. C.* § 215(a)(2), an application (the “Application”) seeking approval for the issuance of one long-term debt obligation in the principal amount of up to \$2,541,540 (the “SRF Loan”) from the Delaware Drinking Water State Revolving Fund (the “Fund”), and authority to defer all issuance costs, expected to be approximately \$40,000 for review in its next rate application; and

WHEREAS, in connection with the SRF Loan, Artesian will enter into a long-term debt obligation with the Fund in order to subsidize and finance its cost to acquire and upgrade the water assets for the Town of Frankford (the “Town”) in accordance with the terms of the Binding Commitment Letter included with the Application; and

WHEREAS, upon closing on the SRF Loan, Artesian will submit a draw request to the Fund in the amount of \$1,541,540 to partially offset the Company’s cost to acquire the Town’s water system, with the remaining funds used to replace the Town’s aging and failing water mains; and

WHEREAS, Artesian's acquisition of the Town's water system qualified under the Federal Drinking Water State Revolving Fund ("DWSRF") Additional Subsidy provision, which provides a subsidy to any eligible recipient in the form of debt forgiveness. Artesian, therefore, will not be obligated to pay principal and interest on its initial draw; and

WHEREAS, upon completion of the Town's water main renewal project, Artesian will submit a draw request to the Fund in the principal amount of up to \$1,000,000, which will be secured by a general obligation note. Artesian will be obligated to pay principal and interest on the note at an annual interest rate of 2.00% for a term not to exceed 20 years; and

WHEREAS, Artesian states all costs associated with the acquisition of the Town's water system and the replacement of its aging water mains has been or will be financed using the Company's short-term lines of credit, and all proceeds from the SRF Loan will be used to retire Artesian's short-term lines of credit; and

WHEREAS, Artesian's financial strategy was to obtain long term financing at favorable interest rates, and the DWSRF's Additional Subsidy provision lowers Artesian's cost to acquire the Town's water system, which, according to Artesian, will have a favorable impact on customer rates when Artesian files its next rate case; and

WHEREAS, Artesian provided all documents, forms, and schedules required by 26 *Del. Admin C.* § 1002 Part D, except for the Opinion of Counsel with respect to the legality of the proposed new issue. Artesian stated in its Application that it will provide the Opinion of Counsel as soon as it becomes available; and

WHEREAS, pursuant to 26 *Del. C.* § 215(a)(2), no public utility, without having first obtained the approval of the Commission, shall issue any stocks, stock certificates, or notes, bonds or other evidence of indebtedness payable in more than one year from the date thereof. In addition,

26 *Del. C.* § 215(d) provides that the Commission shall approve any such transaction when it finds the same to be made in accordance with law, for a proper purpose, and is consistent with the public interest; and

WHEREAS, by memorandum to the Commission dated May 26, 2021, Commission Staff (“Staff”) reported that it reviewed the Application and supporting documents and found that the Application complies with 26 *Del. C.* § 215 and 26 *Del. Admin. C.* § 1002 Part D, including that the proposed issuance is in accordance with the law, for a proper purpose, and consistent with the public interest. Accordingly, Staff recommended that the Commission approve the Application subject to the following conditions: (i) that Artesian not construe the approval of the Application as approval for ratemaking treatment in future filings; and (ii) that, within 30 days of the date of the closing of the SRF Loan, Artesian provide all closing documents along with the Opinion of Counsel;

**NOW, THEREFORE, IT IS ORDERED BY THE AFFIRMATIVE VOTE
OF NOT FEWER THAN THREE COMMISSIONERS:**

1. That, pursuant to 26 *Del. C.* § 215(a)(2), the Commission approves Artesian Water Company, Inc.’s Application to enter into a long-term loan commitment in the principal amount of up to \$2,541,540.
2. The Commission approves Artesian’s request for deferred accounting treatment to record all issuance costs, expected to be approximately \$40,000 for review during the Company’s next rate application along with its cost of capital calculations.
3. That Artesian shall not construe this approval as approving any ratemaking treatment for any future filing.
4. That within 30 days of the date of the closing of the SRF Loan, Artesian shall provide copies of all closing documents pertaining to the SRF Loan.

5. That within thirty days of the date of closing of the SRF Loan, Artesian shall provide a copy of the Opinion of Counsel with respect to the legality of the proposed new issue, pursuant 26 *Del. Admin. C.* § 1002 Part D, § 3.1.9.

6. That nothing in this Order shall be construed as a guarantee, warranty, or representation by the State of Delaware or by any agency, commission, or department thereof with respect to the indebtedness of Artesian that may be issued or incurred under the Application which is approved by this Order.

7. That Artesian is hereby placed on notice that the costs of the proceeding will be charged to it under the provisions in 26 *Del. C.* § 114(b)(1).

8. That the Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

Dallas Winslow, Chairman

Joann Conaway, Commissioner

Harold Gray, Commissioner

Manubhai “Mike” Karia, Commissioner

Kim F. Drexler, Commissioner

ATTEST:

Donna Nickerson, Secretary